WTO and Agriculture

What's at Stake for Arizona?

Arizona's agricultural goods are exported worldwide. In 1997, the state's exports reached an estimated \$370 million, down somewhat from previous years. These exports help boost farm prices and income, while creating employment both on the farm and off the farm in food processing, transportation and manufacturing. Agricultural exports are important to Arizona's economy creating about 7,500 jobs. Opposite of trends for the nation as a whole, Arizona's reliance on agricultural exports (measured as exports divided by farm cash receipts) fell from 22% to 17% since 1991.

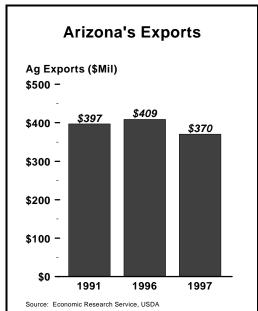
Arizona's top five agricultural exports in 1997 were:

- # cotton -- \$113 million
- # vegetables and preparations -- \$63 million
- # live animals and red meats -- \$44 million
- # fruits and preparations -- \$40 million
- # wheat and products -- \$27 million

World demand for these products is increasing, but so is competition among suppliers. If Arizona's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *fair access* to growing global markets.

Arizona Producers Benefit from Trade Agreements

Arizona is already benefitting from a number of agricultural trade agreements. While there is still much to be done, examples of new market opportunities for Arizona include:



- # With more than 15% of its farm receipts coming from cotton, Arizona benefits under NAFTA with new rules of origin that have increased demand for U.S. textiles in Canada and Mexico. Mexico will phase out its 10% tariff for cotton by 2004. Under the Uruguay Round, Hong Kong and Malaysia bound their cotton tariffs at zero.
- # The nation's 11th largest commercial apple producer, Arizona benefits under NAFTA as Mexico eliminates its tariff on apples by 2003.
- # With one-quarter of its farm receipts coming from cattle, Arizona benefits from the Uruguay Round with a 38% reduction in the quantity of EU beef receiving export subsidies by 2000. Japan is reducing beef tariffs from 50% to 38.5%. Korea will eliminate its beef import quota by 2001 and reduce its tariffs to 40% by 2004. Under NAFTA, Mexico eliminated its 15% tariff on live slaughter animals, its 20% tariff on U.S. chilled beef, and its 25% tariff on frozen product. Its 20% tariff on beef offal will be eliminated by 2004.